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...Supreme Court of the United States

...October Term, 1937

No. 545

PHILIP HUBER and PERCY MORGAN, Jr.,

Petitioners,

v.

FULTON CUTTING, EDWARD J. BERNTANO, ALBERT LEWIS and SAM H. HARRIS,

Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

FULTON CUTTING,
CUTTING, SHEARMAN & RAYMOND,
Attorneys for Respondents,
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1932.

No.....

PHILIP HURN and PERCY MORGAN, JR.,
Petitioners,

v.

FULTON OURSLER, LOWELL BRENTANO, ALBERT LEWIS and SAM H. HARRIS,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI.

I.

Preliminary Statement.

A.

Nature of Suit.

This is an action in equity brought in the Federal Court under the Copyright Law.

The jurisdiction of the Federal Court was invoked solely by reason of alleged infringement of copyright. No diversity of citizenship or other basis for Federal jurisdiction is found in the case other than as above mentioned.

One paragraph of the complaint (par. "Fifteenth") alleges that the very acts of the respondents, which are claimed to constitute copyright infringement, were by the same token

> "in violation of the rights of the complainants herein at common law and in equity, and constitute unfair business practice and unfair competition against the complainants herein, as well as of the Copyright Laws of the United States" (Record, p. 24).

B.

Decision Below.

In the District Court after trial the Court held that the acts complained of did not in fact constitute copyright infringement. From this determination no appeal has at any time been taken. The decision of the Trial Court on this issue is, therefore, final (Finding of Fact 9, Record, p. 29).

The Trial Court held, further, that inasmuch as there was no copyright infringement, it was "without jurisdiction to entertain the allegations in Paragraph 'Fifteenth' of the complaint as amended, and to admit any evidence in proof thereof in so far as they are based upon claims other than a claim of violation of the Copyright Law of the United States" (Conclusion of Law, Record, p. 29).

C.

Nature of Question Involved on Appeal.

The question which the petitioners raise is one solely and entirely of Federal jurisdiction.

Where a complainant invokes the Federal jurisdiction solely under the *copyright statutes* on a complaint of copyright infringement, and no infringement is found, does the Federal Court have jurisdiction to retain the case, to try and determine whether *these same non-infringing* acts may constitute unfair competition?

II.

Argument.

The issue of unfair competition in this case, in and of itself, presents no Federal question.

The petitioners state, however, that as their play was in fact copyrighted, they were entitled to protection by the Federal Courts (Petitioners' Brief, p. 12). The balance of the argument, implicit, but unexpressed, seems to be that since they were entitled to the protection of the Federal Courts, they are entitled to have the Federal Court hear the issue of unfair competition.

The statement by the petitioners, that they were entitled to the protection of the Federal Courts merely by reason of the fact that their play was copyrighted, is far from accurate, and, indeed, highly inaccurate. The petitioners, by reason of the copyright statutes, were entitled to protection of the Federal Courts to the extent that their rights under the Federal statutes were involved or invaded. Cases involving unfair competition, by reason of the use of similar titles of plays, is a matter of common litigation in the State Courts, and it is beyond dispute that such cases involve no Federal question even though the plays may be copyrighted.

In the case at bar, it has been found definitely and finally, as a fact, that the petitioners' rights under the Copyright Law have not been violated or invaded. The question is solely whether the Federal Court shall retain jurisdiction to determine what would be otherwise an entirely local question, to wit, unfair competition.

At this point we pause for a moment to indicate to the Court more fully the character of the unfair competition as explained in petitioners' brief (p. 4). The petitioners assert that in their play there was a novel feature (idea?) of holding a spiritual seance on the stage with the audience taking part therein and assisting in detection of a murderer supposed to be in the audience.

The petitioners complain that the respondents appropriated this idea or feature from the petitioners' play and utilized it in their own play. Such an appropriation, if in fact there was any, did not amount to copyright infringement. There being no copyright in mere ideas, the question herein is: Can such utilization of an idea in a sufficiently dissimilar form, so that it does not constitute copyright infringement or literary plagiarism, nevertheless, amount to unfair competition?

POINT I.

The question of jurisdiction before this Court is a moot and abstract question, as there can be no unfair competition of one literary product with another when a claim of literary infringement fails.

Under the pleadings and in the petitioners' brief now before this Court the claim is made that the *very* acts which constituted plagiarism also, *ipso facto*, constituted unfair competition (see Complaint, pars. "Eighth" and "Fifteenth," Record, pp. 19-24).

It has been finally adjudicated that the respondents did not commit plagiarism.

> "9. That no version of the defendants' play 'The Spider' infringed in any way, either with respect to plot, material, arrangement or sequence of events, or incidents, or otherwise, the plaintiff's copyrighted play, 'The Evil Hour,' in contravention of the Copyright Law of the United States" (Record, p. 29).

The petitioners' claim of unfair competition without plagiarism, therefore, is equivalent to an assertion of property rights in ideas. And, indeed, this is the only conclusion that can be drawn from the petition (p. 4). It is well established, however, that there is no property right in ideas.

> *Holmes* v. *Hurst*, 174 U. S. 82;
> *Stein* v. *Morris*, 120 Va. 390;
> *Hamilton Mfg. Co.* v. *Tubbs Mfg. Co.*, 216 Fed. 401, 404;

Fitch v. *Young*, 230 Fed. 743, 746 (aff'd 239 Fed. 1021);

Dymow v. *Bolton*, 11 Fed. (2d) 690, 692.

"To appropriate and use for profit, knowledge and ideas produced by other men, without making compensation or even acknowledgment, may be inconsistent with a finer sense of propriety; but, with the exceptions indicated above, the law has heretofore sanctioned the practice. Thus it was held that one may ordinarily make and sell anything in any form, may copy with exactness that which another has produced, or may otherwise use his ideas without his consent and without the payment of compensation, and yet not inflict a legal injury; and that ordinarily one is at perfect liberty to find out, if he can by lawful means, trade secrets of another, however valuable, and then use the knowledge so acquired gainfully, although it cost the original owner much in effort and in money to collect or produce" (Brandeis, J., in *International News Service* v. *Associated Press*, 248 U. S. 215, 257, and cases cited).

Consequently, the only real issue involved in this entire appeal is, whether the Court shall declare that a literary work does not compete unfairly with another literary work by utilizing the same general ideas, where there is no literary plagiarism or copyright infringement.

II.

The rule of the Second Circuit refusing to take jurisdiction of the claim of unfair competition is the proper rule under the decisions of this Court.

The rule of the Circuit Court of Appeals for the Second Circuit is that, where the jurisdiction of the Federal Court rests upon Federal trade-mark statutes and no infringement is in fact found, the Court will not retain jurisdiction to hear a claim of unfair competition.

In *Ingrassia* v. *A. C. W. Mfg. Corp.*, 24 Fed. (2d) 703, 704, the Court said:

> "This court and the District Courts of this circuit have consistently held that, in the absence of diversity of citizenship between the litigants, a patent infringement suit or a statutory trade-mark infringement may not be joined with a suit for unfair competition in trade. *Gerrard* v. *Cary* (D. C.), 9 F. (2d) 949, affd. (C. C. A.) 9 F. (2d) 957; *Planten* v. *Gedney* (C. C. A.), 224 F. 382; *Tyler Co.* v. *Ludlow Saylor Wire Co.* (C. C. A.), 212 F. 156; *Thaddeus Davids Co.* v. *Davids* (C. C. A.), 192 F. 915; *Natl. Casket Co.* v. *N. Y. & Bklyn, Casket Co.* (C. C.), 185 F. 533. The Supreme Court has ruled likewise in *Geneva Furniture Co.* v. *Karpen*, 238 U. S. 254, 35 S. Ct. 788, 59 L. Ed. 1295; *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446, 31 S. Ct., 456, 55 L. Ed. 536; *A. Leschen, etc., Co.*, v. *Broderick Bascom, etc., Co.*, 201 U. S. 166, 26 S. Ct., 425 50 L. Ed. 710. The cause of action as to unfair competition was properly dismissed."

The petitioners' claim amounts either to a claim of unfair competition by reason of non-infringing acts, in which event it is equivalent to an assertion of monopoly in ideas. Such claim has no basis in law.

Or, else, it is an assertion of unfair competition by reason of acts other than those which established copyright infringement and plagiarism. But this claim cannot be made because it is entirely beyond the scope of the complaint, which expressly limited the claim of unfair competition to those acts which also constituted literary piracy and plagiarism.

Such assertion would set up a cause of action clearly not the subject of Federal cognizance.

Mallinson v. *Ryan*, 242 Fed. 951.

POINT III.

The cases cited by the petitioners do not support their position.

In *Moore* v. *New York Cotton Exchange*, 270 U. S. 593, 609, this Court held that jurisdiction over a counterclaim was properly retained, and the counterclaim decided, because Equity Rule 30 provided that the defendant in its answer:

> "'* * * *must* state in short and simple form any counterclaim arising out of the transaction which is the subject-matter of the suit, and may, without cross bill, set up any set-off or counterclaim against the plaintiff which might be the subject of independent suit in equity against him, and such set-off or counterclaim, so set up, shall have the same effect as a cross suit, so as to enable the court to pronounce a final judgment in the same suit both on the original and the cross claims.'" (Italics ours.)

This Court said that the defendant's counterclaim as pleaded came within the first branch of the cited portion of the above rule. Since the defendant, by force of the rule, was compelled to set up the counterclaim and had no option (as it would have under the second branch of the rule), it necessarily followed that the jurisdiction of the counterclaim was properly obtained, and the Court was obliged to retain such jurisdiction and decide the counterclaim.

> "To hold otherwise would be to rob this branch of the rule of all serviceable meaning" (p. 610).

In such case as the *Moore* case, *supra*, the counterclaim is so closely interrelated to the affirmative claim of the plaintiff, that the defendant is *compelled* to assert his counterclaim at the risk and peril of losing his rights altogether, in the event of his failure to do so. It is only fitting and proper that the Court should, therefore, decide this counterclaim irrespective of the fate of the plaintiff's claim, and the rule so provides.

The *Moore* case is an example of the specific application of the language of *Equity Rule 30* to a particular counterclaim. In the case before the Court, there is no counterclaim and no application of Rule 30, and the *Moore* case, therefore, is not in point.

The case of *Siler* v. *Louisville & Nashville R. R. Co.*, 213 U. S. 175, is deemed by the petitioners to exemplify a line of cases supporting the petitioners' position. In contradiction thereof, it should be sufficient to state that the *Siler* case, *supra*, involved the question of constitutionality.

It is submitted that the cases involving questions of constitutionality are in a special category. In view of the well-established reluctance of this Court to determine questions of constitutionality where such determination is not imperative, and the decision may be placed on other grounds, the rule of the *Siler* case may not be regarded as authority, except in other constitutional cases.

Vogue Co. v. *Vogue Hat Co.*, 12 Fed. (2d) 991, is urged upon this Court as authority for this appeal. In that case the requisite diversity of citizenship existed so as to vest the Court with full jurisdiction necessary to decide all questions, and the discussion of the Court relied upon by the petitioners on this application was gratuitous and wholly dicta.

> "Our disposition of the present application might rest upon what has been said; but the case presents another question, important and interesting enough to justify study" (Denison, J., at p. 992).

The interesting reflections of a court do not possess the force of decision, but it may be pointed out that even in this case, the Court recognized that the *Siler* case, *supra*, and other such cases turned upon the fact that a constitutional question was involved, and that such cases were not authority in cases involving trade-mark and unfair competition.

After discussing the *Siler* case, Judge Denison continued:

> "It might seem that the same principle would apply in a suit for patent infringement and unfair competition" (p. 993).

This is a frank admission that the rule of the *Siler* case is not in point, but is only applicable by argumentative analogy. It would not be profitable to discuss this case further.

Even assuming that the conclusion reached by the Court in the *Vogue* case is correct, to the effect that, where the acts, which are claimed to constitute an infringement of a registered trade-mark and unfair competition, *are the same acts*, the Court may retain jurisdiction to enjoin the unfair competition although the trade-mark is not infringed;—nevertheless such case differs fundamentally from a copyright case. A party may obtain property rights in the peculiar or characteristic indicia or symbols by which he identifies his product to the public, whether this indicia be in the form of a registered trade-mark or in the form of a trade name.

The situation may be closely analogized to that of a man seeking to enjoin a continuing trespass to real property lying on both sides of a state boundary. The property and the rights invaded are the same although the law applied may differ, depending upon which side of the border the trespass was committed.

The same argument may not, however, be made with respect to a literary product, and the ideas therein. An author's property rights in his literary form of expression derived under the Copyright Law is a substantially different right from any that he may possess to the exclusive retention or use of his ideas; and nothing that was said in the *Vogue* case, *supra*, may be profitably applied to such a situation, which is the case at bar.

> "There is no marked degree of similarity between the rights which exist in a trade-mark or trade name and those created by copyright laws. The right secured by the copyright laws is the right to use a literary composition—the product of the mind and genius of the author—not the name or title given to it. The right protected in cases involving the infringement of a trade-mark or trade name is the right to use a symbol which indicates good-will."
>
> *Nims on Unfair Competition* (3rd Ed.), Sec. 275, pp. 734, 735.

POINT IV.

Conclusion.

The petitioners are limited by their complaint to the proposition that the identical acts which failed to establish plagiarism may nevertheless prove the unfair competition by one literary work as against another.

There is nothing in the petition and brief which suggests any logical basis by which such proposition may be sustained. It would appear to be a most unreasonable and improper extension of the copyright protection, and would indicate a method and means by which the limits of literary plagiarism established by this Court might be wiped out and destroyed.

The prayer in this petition should be denied.

Respectfully submitted,

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